

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING and SUBSIDIARY
Baton Rouge, Louisiana

CONSOLIDATING FINANCIAL STATEMENTS
For the Years Ended June 30, 2012



TWRU

CPAs & Financial Advisors

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community School for Apprenticeship Learning
Baton Rouge, Louisiana

We have audited the accompanying consolidating statement of financial position of Community School for Apprenticeship Learning (a nonprofit School) and subsidiary as of June 30, 2012, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of Community School for Apprenticeship Learning (a nonprofit School) and subsidiary as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012 on our consideration of Community School for Apprenticeship Learning (a nonprofit School) and subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

TWRU
Certified Public Accountants
December 21, 2012

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING and SUBSIDIARY
Baton Rouge, Louisiana

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
(See Notes to Financial Statements)
June 30, 2012

ASSETS

	2012			
	Community School for Apprenticeship Learning	Making Education Count, Inc.	Eliminations	Consolidating Total
CURRENT ASSETS:				
Cash	\$ 3,739,703	\$ 458,160	\$ -	\$ 4,197,863
Accounts Receivable - MFP	98,229	-	-	98,229
Accounts Receivable - Federal Programs	213,219	-	-	213,219
Due from Related Party	351,580	-	(351,580)	-
Prepaid Insurance	19,101	-	-	19,101
TOTAL CURRENT ASSETS	4,421,832	458,160.00	(351,580)	4,528,412
PROPERTY AND EQUIPMENT:				
Land	96,314	-	-	96,314
Buildings and Leasehold Improvements	769,950	1,718,303	-	2,488,253
Furniture and Fixtures	167,562	-	-	167,562
Equipment	264,158	-	-	264,158
Landscaping	1,870	-	-	1,870
Equipment - Virtual Academy	184,606	-	-	184,606
Furniture - Virtual Academy	6,075	-	-	6,075
TOTAL PROPERTY AND EQUIPMENT	1,490,535	1,718,303	-	3,208,838
Less Accumulated Depreciation	317,330	12,851	-	330,181
NET PROPERTY AND EQUIPMENT	1,173,205	1,705,452	-	2,878,657
OTHER ASSETS:				
Loan Closing Cost - MEC, Inc.(net of amortization)	-	29,326	-	29,326
TOTAL OTHER ASSETS	-	29,326	-	29,326
TOTAL ASSETS	\$ 5,595,037	\$ 2,192,938	\$ (351,580)	\$ 7,436,395

LIABILITIES AND NET ASSETS

2012

CURRENT LIABILITIES:

	Community School for Apprenticeship Learning	Making Education Count, Inc.	Eliminations	Consolidating Total
Accrued Payroll Taxes	\$ 46,608	\$ -	\$ -	\$ 46,608
Payroll Liabilities	31,222	-	-	31,222
Credit Card Payable	14,496	-	-	14,496
Due to LA Unclaimed Property	138	-	-	138
Other Payables	11,566	-	-	11,566
Due to Related Party	-	351,580	(351,580)	-
Accrued Insurance	10,160	-	-	10,160
Accrued Interest	-	2,391	-	2,391
Current Portion of Self Help Loan	-	51,047	-	51,047

TOTAL CURRENT LIABILITIES

114,190 405,018 (351,580) 167,628

NON-CURRENT LIABILITIES:

Self Help Loan (Net of Current Portion)	-	1,655,855	-	1,655,855
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TOTAL LONG-TERM LIABILITIES

- 1,655,855 - 1,655,855

TOTAL LIABILITIES

114,190 2,060,873 (351,580) 1,823,483

NET ASSETS:

Unrestricted	5,480,847	132,065	-	5,612,912
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TOTAL NET ASSETS

5,480,847 132,065 - 5,612,912

TOTAL LIABILITIES AND NET ASSETS

\$ 5,595,037 \$ 2,192,938 \$ (351,580) \$ 7,436,395

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING and SUBSIDIARY
Baton Rouge, Louisiana

CONSOLIDATING STATEMENT OF ACTIVITIES
(See Notes to Financial Statements)
For the Year Ended June 30, 2012

	2012			
	Community School for Apprenticeship Learning	Making Education Count, Inc.	Eliminations	Consolidating Total
CHANGES IN UNRESTRICTED NET ASSETS				
PUBLIC SUPPORT REVENUES AND OTHER SUPPORT:				
School Payments- MFP	\$ 14,071,481	\$ -	\$ -	\$ 14,071,481
Support from Federal Programs	738,534	-	-	738,534
Food Payments - MFP	91,641	-	-	91,641
Student Services - Food	6,433	-	-	6,433
Contributions	685	-	-	685
Interest Income	-	12,171	-	12,171
Management Fee	366,721	-	-	366,721
Rental Income	-	220,824	(220,824)	-
Miscellaneous Income and Student Fees	75,322	-	-	75,322
TOTAL PUBLIC SUPPORT REVENUES AND OTHER SUPPORT	15,350,817	232,995	(220,824)	15,362,988
EXPENDITURES:				
PROGRAM EXPENSES	8,865,413	-	(220,824)	8,644,589
ADMINISTRATIVE EXPENSES	2,205,751	109,676	-	2,315,427
TOTAL EXPENDITURES	11,071,164	109,676	(220,824)	10,960,016
INCREASE IN UNRESTRICTED NET ASSETS	4,279,653	123,319	-	4,402,972
UNRESTRCTED NET ASSETS AT BEGINNING OF YEAR	1,201,194	8,746	-	1,209,940
UNRESTRICTED NET ASSETS AT END OF YEAR	\$ 5,480,847	\$ 132,065	\$ -	\$ 5,612,912

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING and SUBSIDIARY
Baton Rouge, Louisiana

CONSOLIDATING STATEMENT OF CASH FLOWS
(See Notes to Financial Statements)
For the Year Ended June 30, 2012

	2012			
	Community School for Apprenticeship Learning	Making Education Count, Inc.	Eliminations	Consolidating Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received for MFP	\$ 13,919,983	\$ -	\$ -	\$ 13,919,983
Cash Received from Federal Grants	738,534	-	-	738,534
Cash Received from Other Sources	454,868	-	-	454,868
Interest Received	-	12,171	-	12,171
Cash Paid to Employees	(3,259,272)	-	-	(3,259,272)
Cash Paid for Goods and Services	(7,530,443)	(92,883)	-	(7,623,326)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,323,670	(80,712)	-	4,242,958
CASH FLOWS FROM INVESTING ACTIVITIES:				
Payments for Buildings and Improvements	(457,494)	(1,157,610)	-	(1,615,104)
Payments for Equipment	(173,265)	-	-	(173,265)
Payments for Furniture and Fixtures	(42,540)	-	-	(42,540)
Use of Restricted Cash for Building Improvements	-	1,739,580	-	1,739,580
NET CASH USED BY INVESTING ACTIVITIES	(673,299)	581,970	-	(91,329)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayments to Line of Credit	(97,985)	-	-	(97,985)
Repayments of Long Term Debt	-	(43,098)	-	(43,098)
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	(97,985)	(43,098)	-	(141,083)
NET (DECREASE) INCREASE IN CASH	3,552,386	458,160	-	4,010,546
BEGINNING CASH BALANCE	187,317	-	-	187,317
ENDING CASH BALANCE	\$ 3,739,703	\$ 458,160	\$ -	\$ 4,197,863

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
(See Notes to Financial Statements)
For the Year Ended June 30, 2012

	2012			
	Community School for Apprenticeship Learning	Making Education Count, Inc.	Eliminations	Consolidating Total
EXPENDITURES:				
PROGRAM EXPENSES:				
Salaries	\$ 2,468,417	\$ -	\$ -	\$ 2,468,417
Payroll Taxes	100,322	-	-	100,322
Other Employee Benefits	14,263	-	-	14,263
Retirement	398,235	-	-	398,235
Health Insurance	289,897	-	-	289,897
Food Service Operations	151,133	-	-	151,133
Instructional Staff Services	10,174	-	-	10,174
Instructional Program Expenditures	3,268,022	-	-	3,268,022
Materials & Supplies	1,738,438	-	-	1,738,438
Pupil Support Services	34,307	-	-	34,307
Continuing Education	7,725	-	-	7,725
Rent	220,824	-	(220,824)	-
Payments in Lieu of Transportation	163,656	-	-	163,656
TOTAL PRORGAM EXPENES	8,865,413	-	(220,824)	8,644,589
ADMINISTRATIVE EXPENSES:				
Salaries	790,855	-	-	790,855
Payroll Taxes	31,680	-	-	31,680
Other Employee Benefits	4,504	-	-	4,504
Retirement	125,759	-	-	125,759
Health Insurance	91,547	-	-	91,547
Business Services - Technical and Professional	59,447	-	-	59,447
Contract Payment - MFP	391,675	-	-	391,675
Depreciation and Amortization	111,859	14,401	-	126,260
Ducs & Fees	36,518	-	-	36,518
General Administration	1,757	-	-	1,757
Interest Expense	7,334	95,275	-	102,609
Operation & Matinenace of Plant Services	203,584	-	-	203,584
Postage, Telephone & Miscellaneous Admin	34,467	-	-	34,467
Rent - Amdministrative Offices	58,000	-	-	58,000
Repairs & Maintenance	103,531	-	-	103,531
School Board - Indirect Costs	29,963	-	-	29,963
Travel Expense	123,271	-	-	123,271
TOTAL ADMINISTRATIVE EXPENSES:	2,205,751	109,676	-	2,315,427
TOTAL EXPENDITURES	\$ 11,071,164	\$ 109,676	\$ (220,824)	\$ 10,960,016



COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING and SUBSIDIARY
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS-1-
June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation – The accompanying 2012 financial statements reflect the consolidated financial statements of Community School for Apprenticeship Learning. (School) and Making Education Count, Inc. (the Subsidiary). The Board of Directors for Community School for Apprenticeship is also the Board of Directors for Making Education Count, Inc. The Subsidiary obtained a loan for the construction of a building to be used solely by the Parent Company. Material inter-company transactions have been eliminated.

Nature of Operations – Community School for Apprenticeship Learning (the School) is an independent public middle school with a charter to operate in East Baton Rouge Parish expiring June 30, 2015. The School has an enrollment of 170 students and teaches using a project based instruction as one of the primary tools of delivery.

During 2009, the School applied for and received a Type 2 charter to operate a public high school in East Baton Rouge Parish. At the High School, students focus on either a liberal arts or a math/science student track, with their senior year focusing on the specific academic track and allowing students to intern with local companies to get experience and exposure in the workplace in areas related to their academic track. During the 2011-2012 school year Madison Preparatory had an enrollment of 208 students in ninth through twelfth grades. The initial charter is for five years but will be re-evaluated after three years.

During 2011, the School applied for and received a charter to operate Louisiana Virtual Charter Academy (LAVCA), a public virtual school operated in Louisiana for grades Kindergarten through eleventh grade. The school operates through a partnership with K12 through an online instructional program. During the 2011-2012 school year LAVCA had an enrollment of 1,454 students.

The School is a nonprofit School as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes. Making Education Count, Inc. (MEC) was organized to obtain a loan to construct a gym for Community School for Apprenticeship Learning. MEC is in the process of applying to be recognized as a nonprofit organization as described by Section 501(c) (3) of the Internal Revenue Code and anticipates being exempt from federal and state income taxes.

Basis of Accounting – The financial statements were prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation – The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are resources that are free of donor-imposed or time restrictions and are available at the directions of the governing board. Temporarily restricted assets are resourced that are limited by donor-imposed stipulations that either expires by passage of time or can be fulfilled and removed by specific action pursuant to those stipulations. Permanently restricted assets are those resources whose use is limited to donor-imposed stipulations that neither expires by passage of time nor can be fulfilled or otherwise removed by specific action.

Support – The school is issued monthly per pupil Minimum Foundation Program (MFP) distributions as determined by the State Department of Education and the East Baton Rouge Parish School Board. The distribution is based on the October 1 enrollment and is adjusted accordingly for any State Department of Education audit adjustments. The School also applies for various grants from the private and public sector. The grants are for specific items and are nonrecurring.

Concentration of Support – For the year 2012, the School received approximately 46% of its annual revenue from the East Baton Rouge Parish School Board and 54% from State of Louisiana Department of Education funding.

Contributions – Contributions received are allocated as restricted or unrestricted based on the donors' stipulations.

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING and SUBSIDIARY
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS-2-
June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services – No amounts have been reflected in the financial statements for donated services. The School generally pays for services requiring specific expertise. Some Board members volunteer their time and perform a variety of tasks that assist with administrative programs.

Program – The sole program of the School is an instructional programming.

Functional Expenses – The costs of providing various program and administrative services have been reported on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the various program and administrative services based on estimates made by management.

Cash and Cash Equivalents – The School and Subsidiary both consider all highly liquid investments purchases with maturity of three months or less to be cash equivalents.

Property and Equipment – Purchased property and equipment is capitalized at cost. Depreciation is calculated using the straight-line method over the estimated useful life of the assets.

Accounts Receivable – Bad debts are charged to operations in the year in which the account is determined uncollectible. If the reserve method of accounting for uncollectible accounts were used, it would not have a material effect on the financial statements. No amounts for an allowance for bad debts have been established as the School expects to collect the balance in full.

Advertising – The School expenses advertising costs as they are incurred. Advertising costs during 2012 were \$380.

Use of Estimates – Management used estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were assumed in preparing the financial statements.

NOTE 2: ACCOUNTS RECEIVABLE

Accounts receivable - MFP at June 30, 2012 represent the amount due from the East Baton Rouge Parish School Board for June 2012 MFP net of monthly expenses paid directly to the School Board through deduction from total support.

Accounts receivable – Federal Programs represent reimbursements of expenditures due from federal grants programs.

NOTE 3: OPERATING LEASE

The School leases its facilities from the East Baton Rouge Parish School Board on a year-to-year basis. On December 18, 2008, the school entered into a new lease agreement with the school board which reduced the monthly rent charged to the school to \$100. Total rent paid during the year ended June 30, 2012 was \$1,200. The new lease agreement expired on June 30, 2012 and was renewed for the same terms for the School year 2012-2013. As a term of the agreement the School is responsible for utilities expense, janitorial expenses, and other.

The School leases its Baton Rouge administrative facilities for \$1,000 per month. The lease expires in January 2013 but is expected to be renewed at the same terms for another year. The School leases its New Orleans facilities for \$4,950 per month. The lease expires in May 2014.

The School has a lease agreement with the Subsidiary to lease the gym facilities for \$18,412 per month through December 30, 2020. The School is responsible utilities, property taxes, insurance, and repairs.

LAVCA leases classroom space for presentations and testing on an as needed basis and office equipment as needed on a monthly basis.

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING and SUBSIDIARY
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS-3-
June 30, 2012

NOTE 3: OPERATING LEASE (CONTINUED)

Total rent for 2012 totaled \$141,530.

Estimated annual rental obligation for the year ending June 30, 2013 and 2014 is \$72,600 each year.

NOTE 4: RETIREMENT PLAN

Some School employees are covered by the Teachers' Retirement System of Louisiana. Employees are required to defer 8% of their salary into the plan. The School contributed an additional 23.7% into the plan for the years ended June 30, 2012. During the year ended June 30, 2012, the School contributed \$523,994 to the plan.

NOTE 5: INCOME TAXES

On July 1, 2009, the Organization adopted the recent accounting guidance related to accounting for uncertainty in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. The Organization's administration recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. The Organization's administration has evaluated its position regarding the accounting for uncertain income tax positions. The Organization's administration does not believe that it has any uncertain tax positions. With few exceptions, the Organization is no longer subject to federal, state, or local tax examinations by tax authorities for years before 2008.

NOTE 6: LINE OF CREDIT

On February 13, 2009, the School secured a \$200,000 line of credit with a bank. The funds were used to fund the buildings, improvements and equipment for the new high school. The line of credit bears interest at the rate published by the Wall Street Journal, with an interest rate floor of 5%. At June 30, 2012, the interest rate was 5%. The line matures on August 26, 2012, and is secured by an education grant. The balance at June 30, 2012 was \$0.

NOTE 7: LONG-TERM DEBT

On December 30, 2010, Making Education Count, Inc. (MEC) entered into a 7 year loan payable to Self-Help New Markets VII, L.L.C. in the initial principle amount of \$1,750,000. Community School for Apprenticeship Learning, Inc. has guaranteed the loan unconditionally. Commencing on February 1, 2011, through July 1, 2011, MEC shall make payments of interest in monthly installments based on a 5.68% interest rate and the daily principle balance of the loan. Commencing on August 1, 2011, MEC shall make payments of principle and interest in monthly installments of \$12,221, with a final payment of all unpaid principle and interest due on the maturity date of March 31, 2017. The balance owed on this loan at June 30, 2012 was \$1,706,902.

Aggregate maturities of long-term debt for the next five years are as follows:

2013	\$51,047
2014	\$54,023
2015	\$57,173
2016	\$60,507
2017	\$1,484,152

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING and SUBSIDIARY
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS-4-
June 30, 2012

NOTE 8: SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Reconciliation of net income to net cash provided by operating activities:

	<u>2012</u>
Increase in Net Assets	\$4,402,972
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	126,260
Increase in Accounts Receivable – MFP	(29,920)
Increase in Accounts Receivable – Federal Programs	(213,219)
Decrease in Employee Receivable	2,285
Decrease in Miscellaneous Receivable	5,707
Increase in Prepaid Insurance	(2,837)
Decrease in Accounts Payable	(2,503)
Increase in Payroll Taxes Payable	32,600
Decrease in Payroll Liabilities	(36,431)
Decrease in Credit Card Payable	(34,514)
Decrease in Accrued Interest	(5,892)
Decrease in Other Payable	(2,338)
Increase in Accrued Insurance	<u>788</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES

\$4,242,958

Cash paid for interest expense during the year ended June 30, 2012 was \$108,501.

NOTE 9: CONCENTRATION OF CREDIT RISK

Making Education Count, Inc. maintains its cash balance in one financial institution. At times, such balances may be in excess of the NCUA insurance limit.

NOTE 10: SUBSEQUENT EVENTS

The school has evaluated all subsequent events through December 21, 2012, the date the financial statements were available to be issued.



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CPAs & Financial Advisors

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING and SUBSIDIARY
Baton Rouge, Louisiana

SCHEDULE OF FEDERAL AWARDS
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Education - Title I	84.010A	\$ 239,088
U.S. Department of Education - IDEA Part B	84.027A	185,935
U.S. Department of Education - Public Charter School	84.282A	261,093
U.S. Department of Education - Title II - Part A	84.367A	52,418
Total		<u>\$ 738,534</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Community School for Apprenticeship Learning, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Community School for Apprenticeship Learning, it is intended to and does not present the financial position, changes in net assets, or cash flows of Community School for Apprenticeship Learning.



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CPAs & Financial Advisors

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Community School of Apprenticeship Learning and Subsidiary

We have audited the consolidating financial statements of Community School for Apprenticeship Learning and Subsidiary as of and for the year ended June 30, 2012 and have issued our report thereon dated December 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of Community School for Apprenticeship Learning and Subsidiary are responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Community School for Apprenticeship Learning and Subsidiary's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Community School for Apprenticeship Learning and Subsidiary's internal control over financial reporting. According, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operating of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that material misstatement of the entity's financial statements will not be prevented, detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control of financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community School for Apprenticeship Learning and Subsidiary's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2012-01.

We noted certain matters that were reported to management of Community School for Apprenticeship Learning and Subsidiary in a separate letter dated December 21, 2012.

This report is intended solely for the information and use of management, Community School for Apprenticeship Learning and Subsidiary's Board of Directors, others within the entity, the Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

TWRU

Certified Public Accountants
December 21, 2012



TWRU

CPAs & Financial Advisors

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Community School of Apprenticeship Learning and Subsidiary

Compliance

We have audited Community School for Apprenticeship Learning and Subsidiary's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Community School for Apprenticeship Learning and Subsidiary's major federal programs for the year ended June 30, 2012. Community School for Apprenticeship Learning and Subsidiary's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Community School for Apprenticeship Learning and Subsidiary's management. Our responsibility is to express an opinion on Community School for Apprenticeship Learning and Subsidiary's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community School for Apprenticeship Learning and Subsidiary's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Community School for Apprenticeship Learning and Subsidiary's compliance with those requirements.

In our opinion, Community School for Apprenticeship Learning and Subsidiary complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Community School for Apprenticeship Learning and Subsidiary is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Community School for Apprenticeship Learning and Subsidiary's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community School for Apprenticeship Learning and Subsidiary's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Community School for Apprenticeship Learning and Subsidiary's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Community School for Apprenticeship Learning and Subsidiary's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, Community School for Apprenticeship Learning and Subsidiary's Board of Directors, others within the entity, the Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

TWRU

Certified Public Accountants
December 21, 2012

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING and SUBSIDIARY
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

Part I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

- Material weakness(es) identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

_____ yes x no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.010A	US Department of Education – Title I
84.027A	US Department of Education – IDEA Part B
84.282A	US Department of Education – Public Charter School
84.367A	US Department of Education – Title II Part A

- The threshold for distinguishing types A and B programs was \$300,000.
- Community School for Apprenticeship Learning does not qualify as being a low-risk auditee.

Part II. Findings Relating to the Financial Statements Required to be Reported in Accordance with Government Auditing Standards

Current Year Findings

Finding Reference Number 2012-01

Condition: Late financial reporting to the Louisiana Legislative Auditor.

Criteria: State statute requires annual financial reporting to the Louisiana Legislative Auditor within 180 days after year end.

Effect: The Project did not submit the audit until January 28, 2013, 28 days after the deadline.

Cause: The audit firm's experiences some unexpected illness at year end and was not able to have the audit properly reviewed in time for a timely submission.

Recommendation: The audit firm and auditee should work to have the audit completed 30 days prior to the deadline to allow for unexpected problems that arise.

Auditor's Summary of
Auditee's Comments: Management will work together with its auditors to develop efficiencies in future years in order to avoid late submission of the annual audit.

Prior Year Findings

None



TWRU

CPAs & Financial Advisors

December 21, 2012

Kerry G. Uffman, CPA (APC), PFS, CFP®/CFA

Don W. Brown, CPA, (APAC)

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Paul S. Shaffer, CPA

Teresa M. Meyer, CPA

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Nicholas Ourso, CPA, CFP®

Samantha E. Domiano, CPA

Michael E. Springer, CPA

To the Board of Directors
Community School for Apprenticeship Learning
Making Education Count, Inc.

We have audited the financial statements of Community School for Apprenticeship Learning and Subsidiary for the year ended June 30, 2012, and have issued our report thereon dated December 21, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 26, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Community School for Apprenticeship Learning and Subsidiary are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2012. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the depreciable lives of fixed assets is based on IRS standard lives. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No uncorrected misstatements were identified that were material, either individually or in the aggregate, to the financial statements taken as a whole.

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Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 21, 2012.

Other Information in Documents Containing Audited Financial Statements

This information is intended solely for the use of the Board of Directors and management of The Arc of Louisiana Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

TWRU

TWRU CPAs & Financial Advisors

AUDIT RECOMMENDATIONS

Exempt Organization Application

Finding: The Subsidiary has not completed it's application to file for exempt status with the Internal Revenue Service. We recommend that the Subsidiary contract with a tax or legal professional to ensure this application gets filed as quickly as possible.

Management Response: Management has contacted their attorney to work on finalizing the application.